



**SUMMARIZED MINUTES
SCOTTSDALE CITY COUNCIL
BUDGET SUBCOMMITTEE**

Public Meeting

Monday, March 6, 2006

One Civic Center, Financial Services Conference Room
7447 E Indian School Road
Scottsdale AZ 85251

CALL TO ORDER

The Budget Subcommittee meeting was called to order on Monday, March 6, 2006 at 2:07 P.M.

ROLL CALL

Subcommittee: Councilman Robert Littlefield, Chairman
Councilmember Betty Drake
Councilman Ron McCullagh

Staff: Jan Dolan, Neal Shearer, Teri Traaen, Craig Clifford, Art Rullo, Brent Stockwell

Also Present: Councilman Wayne Ecton

GENERAL BUSINESS

1. FY 2006/07 Budget Development. Staff updates, discussion and feedback to staff

Staff provided updated information to the Subcommittee regarding Villa Monterey Golf Course, including previous transaction and sales histories. Discussions of acquiring the land included options of condemnation, donation, and purchase, and the Subcommittee agreed any acquisition was desirable only if the property could be used for viable public use. Ms. Dolan will follow up with the Subcommittee after further discussion with the HOA residents regarding acceptable use of the property and with further information from the owner on the possibility of a donation or a lower price of the property.

2. FY2006/07 Health Benefit Contribution Rates. Staff presentation, subcommittee discussion and feedback to staff.

Staff provided a comparison of current benefit revenue estimates for the Employer and the Employee for FY05/06 and the proposed budget for FY06/07. The proposed budget increases the employer/employee cost ratio from 84%/16% to 79%/21%, making employees responsible for 5% more in contribution rates. Medical plan changes also include increasing specialist copays to \$50, and emergency room copays to \$300.

Charts were provided comparing data on monthly health insurance premium rates and health insurance plan design features among major valley cities, employee monthly premiums for three

Council Budget Subcommittee Meeting Minutes

March 6, 2006

Page 2

private sector companies, and a comparison of various aspects of industry-wide premiums and plan design features.

A review of estimated compensation expenses for FY06/07 revealed additional \$5.2M for market adjustment, \$2.6M for pension, \$2.8M for health and dental benefits, and \$2.0M for employee performance increases. It was noted that about 68% of employees are eligible for performance increases, and the largest groups are police and fire employees.

Vice Mayor McCullagh said that the health plan is good and well-run, and that it is clear from the premiums and co-pays that the administrators of the health plans are working in the direction that last year's City Council Budget Subcommittee had recommended. He expressed concerns about the zero premiums for the Aetna PPO Plan. Staff explained that the zero premium helps induce participation in the Aetna PPO because of the reduced claims cost to the City.

Discussion was held regarding the timeliness of benefit information coming before the Subcommittee. Members of the Subcommittee would have preferred that the discussion had occurred earlier in the process and prior to the information being released to the organization.

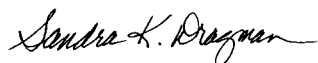
UPCOMING MEETINGS

No Budget Subcommittee meetings have been scheduled at this time and will be held on an as-needed basis. Future topics include Downtown marketing program and proposed new FTE positions.

PUBLIC COMMENTS: - None

ADJOURNMENT - With no further business to discuss, the meeting adjourned at 3:36 PM.

SUBMITTED BY:



Sandy Dragman
Recording Secretary

Officially approved by the Budget Subcommittee on _____